



Kentucky Economic Development Finance Authority KEDFA DIRECT LOAN PROGRAM

KEDFA offers a mortgage loan program to work in conjunction with private financing. The program is designed to allow businesses to obtain the long term financing needed to encourage growth.

Program Guidelines

1. Projects financed must be agribusiness, tourism, industrial ventures, or service industry. No retail projects are eligible.
2. KEDFA may participate up to 25% of project fixed asset costs, but KEDFA's amount of participation will be based on the number of jobs created. The maximum loan amount is \$500,000. The minimum loan amount is \$25,000. KEDFA will not lend more than the private lending institution (i.e. bank) toward the fixed assets.
3. The project owners must inject a minimum of 10% toward the fixed assets.
4. For projects \$100,000 and under, KEDFA may participate up to 45% of project fixed asset costs, if enough jobs are created. The minimum loan is \$25,000.
5. KEDFA financing may be combined with a Community Development Block Grant, however, in no case will the total involvement from both exceed 33% of the project cost.
6. KEDFA financing may be combined with CSBDC/SBA 504 financing.
7. Projects must create new jobs or have a significant impact on the economic growth of a community.
8. Only fixed assets (land, building, and equipment) may be financed.
9. No refinancing will be undertaken.
10. Term and repayments are based on that of the private lending institution.
11. Personal guarantees are required of the company's owners who control at least 20% of the stock of the company.
12. The borrower must provide KEDFA proof that the project is underway (invoices, etc.) within 4 months of the approval date, or the commitment will expire.
13. KEDFA funds are not disbursed until the entire project, as outlined in the application, is complete.

Interest Rates and Fees

1. The interest rate is fixed, and is tied to the term of the loan. Rates are as follows:

Term	Interest Rate
3 yrs.	1.0%
5 yrs.	2.0%
7 yrs.	3.5%
10 yrs.	5.0%
2. A \$500 non-refundable application fee must be submitted with the application.
3. A 1% commitment fee (minimum of \$1,000) is due within one month of the date the loan is approved.

Loan Process

1. Applicant should contact his bank to discuss funding for the project.
2. KEDFA is contacted to discuss project eligibility, proposed financing structure, and collateral requirements.
3. If project is eligible, an application must be submitted to KEDFA for staff review and preliminary approval.
4. KEDFA reviews staff recommended loans and makes final decisions at its monthly meeting.

For further information or assistance, please contact:

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